

The value chain in the Andalusian mandarins market. 2010/2011



For further information:

Observatorio de Precios y Mercados
www.juntadeandalucia.es/agriculturaypesca/observatorio

Email: obsprecios.cap@juntadeandalucia.es



Objective

The Observatorio de Precios y Mercados (Andalusian Observatory for Agricultural products Prices and Markets) has published since 2006 the value chains of the major fruits and vegetables.

The value chain in the mandarin market analyzes two main distribution channels, of mandarin cultivated in Andalusia.

Trade margin: difference between the sale price of a link of the distribution channel and the price it paid for the same good (it is expressed in %).

$T.M. = ((\text{sale price} - \text{purchase price}) / \text{purchase price}) * 100$

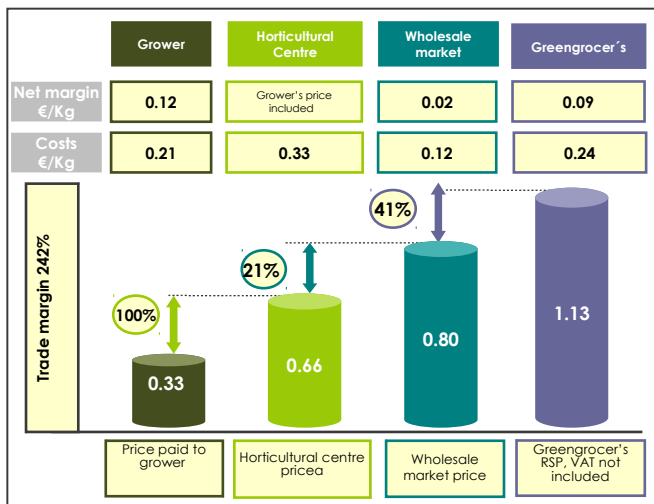
Net margin or profit: Result of discounting the mark-up costs incurred in marketing from the trade margin.

$N.M. = ((\text{sale price} - \text{purchase price} - \text{costs}) / \text{purchase price}) * 100$

Traditional Distribution Channel

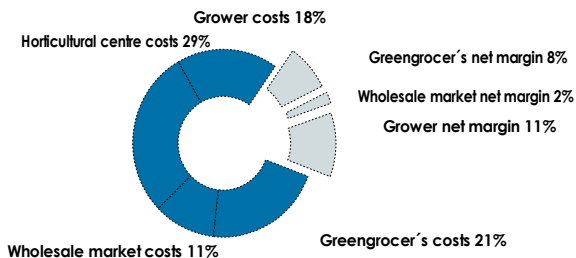
Prices, Costs and Margins

The marketing of fruits in Spain, unlike in other Central European countries, is characterized by the importance of the distribution through the traditional channel compared to the modern channel. The traditional retailer represents 51% of the consumption of mandarin in the Spanish households.



Share of the different links of the chain in the RSP*

RSP, VAT not included = 1.13€/Kg

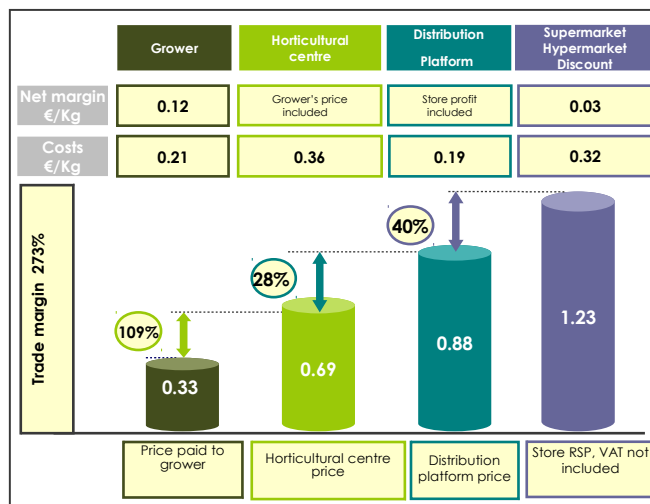


*RSP, VAT not included

Modern Distribution Channel

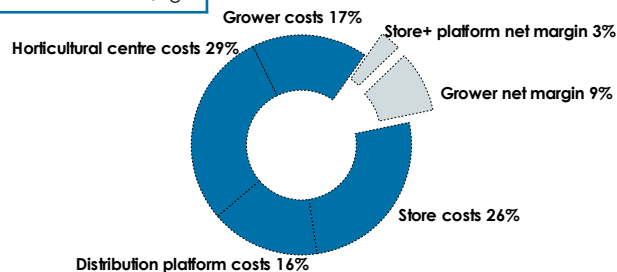
Prices, Costs and Margins

Modern distribution represents 42% of the Spanish mandarin consumption in households. Supermarkets highlight with a 30%. Hypermarkets have a 7% share while the discount reaches 5%.



Share of the different links of the chain in the RSP*

RSP, VAT not included = 1.23€/Kg



*RSP, VAT not included

Mandarin oranges **consumption** increased by 2.5% in volume and decreased by 1.1% in value compared with the preceding year. Mandarin consumption per capita was around 6.68 Kg in 2010. Whereas the price at origin increased in 2010/11 compared to 2009/10, the retail selling price decreased, what shows a reduction in costs.

The actions carried out at destination influence numerous factors in origin, such as the quality, size, product commercial varieties, prices, packaging formats, etc. as a result of **new patterns of consumption** and the organized distribution strategies.

On the basis of the above, there is a **shift of the Spanish traditional model** in which fruits and vegetables are purchased in the traditional shop and an approach to the European model where the majority of purchases of fresh products take place at points of sale of the organized distribution.